



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FEB 28 2008

SEC FILE NUMBER
8- 48125

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: MPI Securities, Inc.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

101 Poor Farm Road

(No. and Street)

Princeton

NJ

08540

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

James T. Dwyer III

609-924-4200

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mercadien, P.C. (Formerly Druker, Rahl & Fein)

(Name - if individual, state last, first, middle name)

P.O. Box 7648

Princeton

NJ

08543-7648

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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THOMSON
FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

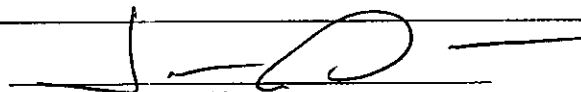
Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, James T. Dwyer III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MPI Securities, Inc., as of December 31, 2007, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

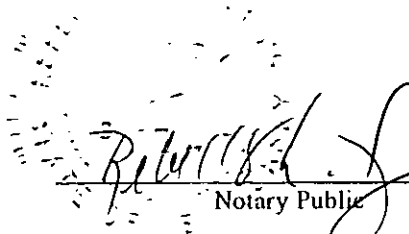
Sworn to me this _____

22nd day of February 2008


Signature

President

Title


Notary Public

REBECCA L. FORSBERG
Notary Public of New Jersey
My Commission Expires February 15, 2011

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

MPI SECURITIES, INC.

Financial Statements
and
Supplementary Information

Year Ended December 31, 2007

MPI SECURITIES, INC.

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Year Ended December 31, 2007

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INDEPENDENT AUDITORS' REPORT

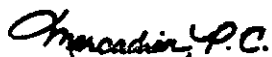
To The Board of Directors and Stockholders of
MPI Securities, Inc.

We have audited the accompanying statement of financial condition of MPI Securities, Inc. (the "Company") as of December 31, 2007, and the related statements of income, changes in stockholders' equity and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MPI Securities, Inc. as of December 31, 2007, and the results of its operations, changes in stockholders' equity and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on page nine is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by Rule 17a-5 of the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Certified Public Accountants

February 25, 2008

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- RSM MCGladrey NETWORK

MPI SECURITIES, INC.
STATEMENT OF FINANCIAL CONDITION
December 31, 2007

ASSETS

Cash	\$ 17,249
Accounts receivable	984
Prepaid expenses	5,213
Property and Equipment	<u>3,579</u>
Total Assets	<u>\$ 27,025</u>

STOCKHOLDERS' EQUITY

Stockholders' Equity	
Common stock, no par value; 5,000 shares authorized and issued; 3,611 shares outstanding	36,146
Additional paid-in capital	288
Retained earnings	-
Treasury stock, 1,389 shares at cost	<u>(9,409)</u>
Total Stockholders' Equity	<u>27,025</u>
Total Liabilities and Stockholders' Equity	<u>\$ 27,025</u>

MPI SECURITIES, INC.
STATEMENT OF INCOME
Year Ended December 31, 2007

Revenues	
Consulting fees	\$ 673,665
Other revenue	<u>35,000</u>
Total revenue	<u>708,665</u>
Operating expenses	
Management fees	53,903
Consulting fees	441,086
Professional fees	13,144
Licensing fees	19,417
Office expense	6,643
Research	1,618
Publications	388
Commission expense	94,983
Seminars and meetings	260
Advertising	1,549
Other employee benefits	2,096
Insurance	364
Travel and entertainment	15,602
Bad debt expense	16,408
Depreciation	<u>275</u>
Total operating expenses	<u>667,736</u>
Income before interest income and provision for state income taxes	40,929
Interest income	<u>3,039</u>
Income before provision for state income taxes	43,968
Provision for state income taxes	<u>2,620</u>
Net income	<u>\$ 41,348</u>

See notes to financial statements.

MPI SECURITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year Ended December 31, 2007

	Common Stock		Additional Paid-in Capital		Retained Earnings	Treasury Stock	Total
	Shares	Amount					
Balances, January 1, 2007	3,736	\$ 36,146	\$ 21,819	\$ 12,567	\$ (8,562)	\$ 61,970	
Net income	-	-	-	41,348	-	41,348	
Dividends paid	-	-	(21,311)	(53,915)	-	(75,226)	
Purchase of treasury stock	(125)	-	(220)	-	(847)	(1,067)	
Balances, December 31, 2007	3,611	\$ 36,146	\$ 288	\$ -	\$ (9,409)	\$ 27,025	

See notes to financial statements.

MPI SECURITIES, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2007

Cash Flows from Operating Activities

Net income	\$ 41,348
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Adjustments to reconcile to net cash provided by operating activities

Depreciation	275
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Changes in assets and liabilities

Accounts receivables	22,362
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Prepaid expenses	141
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Income taxes payable	<u>(250)</u>
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Net cash provided by operating activities	<u>63,876</u>
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Cash Flows used in Investing Activities

Purchases of property and equipment	<u>(3,854)</u>
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Cash Flows used in Financing Activities

Dividends paid	(75,226)
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Purchase of treasury stock	<u>(1,067)</u>
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Net cash used in financing activities	<u>(76,293)</u>
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Net decrease in cash	(16,271)
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Cash, beginning of year	<u>33,520</u>
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Cash, end of year	<u>\$ 17,249</u>
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Supplemental Disclosures of Cash Flow Information

Cash paid during the year for income taxes	<u>\$ 2,620</u>
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MPI SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

MPI Securities, Inc. (the "Company") was incorporated on January 26, 1995, and is a broker-dealer located in Princeton, New Jersey. The Company is registered with the Securities and Exchange Commission (the "SEC") and the State Securities Commission of New Jersey, as well as the securities commissions of other states, and is a member of the National Association of Securities Dealers, Inc.

The Company provides merger and acquisition advisory and private placement consulting services to clients throughout the United States.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

15c3-3 Exemption

The Company operates under the provisions of Paragraph (k)(2)(i) of rule 15c3-3 of the SEC and, accordingly, is exempt from the remaining provisions of that rule. A broker-dealer who carries no margin accounts, promptly transmits all customer funds and delivers all securities received in connection with its activities as a broker or dealer, does not otherwise hold funds or securities for or owe money or securities to customers, and effectuates all financial transactions between the broker or dealer and his customers through one or more bank accounts, each to be designated as a Special Account for the Exclusive Benefit of Customers of the Company, is qualified to operate under the provisions of Paragraph (k)(2)(i) of rule 15c3-3 of the SEC. Broker-dealers operating under the provisions of (k)(2)(i) are also exempted from the remaining provisions of rule 15c3-3, including the requirement to make the reserve computations under rule 15c3-3.

Accounts Receivable

The Company considers all accounts receivable to be fully collectible, accordingly, no allowance for doubtful amounts is required. If amounts become uncollectible, they will be charged to net income when that determination is made.

MPI SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

A. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment consists of furniture and fixtures and is recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight line method. The estimated useful lives are as follows:

Furniture and fixtures	7 years
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Repairs and maintenance which do not extend the useful life of the related asset are expensed as incurred.

Income Taxes

The Company has elected, with the approval of its stockholders, "S" Corporation status for federal and state income tax purposes, thus, the income is taxed to each of the stockholders. With the exception of certain state corporate income taxes, no provision has been made for corporate income taxes in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company to make estimates and assumptions that affect certain related amounts and disclosures. Accordingly, actual results could differ from those estimates.

B. NET CAPITAL REQUIREMENTS

The Company is a registered broker-dealer subject to the SEC Uniform Net Capital Rule 15c3-1. This rule requires that the Company maintain minimum net capital, as defined, of at least the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined. Net capital and aggregate indebtedness change from day to day, but as of December 31, 2007, the Company had net capital of \$17,249, which exceeded its requirements of \$5,000 by \$12,249.

C. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

Furniture and fixtures	\$ 3,854
Less accumulated depreciation	<u>275</u>
Total	<u>\$ 3,579</u>

Depreciation expense charged to operations was \$275 for the year.

D. MAJOR CUSTOMERS

There was one customer that accounted for approximately 30% of the Company's total revenues.

MPI SECURITIES, INC.

NOTES TO FINANCIAL STATEMENTS

E. RELATED PARTY TRANSACTIONS

Management Planning, Inc. ("MPI"), an affiliate, provides management services to the Company and is reimbursed based on actual expenditures incurred and allocated overhead. Actual expenditures incurred by MPI include amounts paid to MPI employees for finder fees and bonuses, both of which are associated with the Company's consulting fees, as well as related salaries of MPI employees if certain revenue metrics are achieved. Management fee, consulting fee, and commission expenses for the year totaled \$589,972.

SUPPLEMENTARY INFORMATION

MPI SECURITIES, INC.

COMPUTATION OF NET CAPITAL UNDER SEC RULE 15c3-1

As of December 31, 2007

Stockholders' equity	<u>\$ 27,025</u>
Deductions: non-allowable assets	
Accounts receivable	(984)
Prepaid expenses	(5,213)
Property and equipment	<u>(3,579)</u>
Non-allowable assets	<u>(9,776)</u>
Net capital	17,249
Minimum capital requirement	<u>5,000</u>
Net capital in excess of minimum requirement	<u>\$ 12,249</u>
Aggregate indebtedness	<u>\$ -</u>
Ratio of aggregate indebtedness to net capital	<u>0 to 1</u>

Reconciliation with Company's computation (included in Part II A of Form X-17A-5 as of December 31, 2007).

Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 17,249
Audit adjustments (net)	<u>-</u>
Net capital per above	<u>\$ 17,249</u>

The Company claims an exemption from SEC Rule 15c3-3 under the (k)(2)(i) provision, and therefore, no computation for determination of reserve requirements was necessary.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5

To the Board of Directors and Stockholders of
MPI Securities, Inc.

In planning and performing our audit of the financial statements and supplementary schedules of MPI Securities, Inc. (the "Company") as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities of Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the Company's practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures in the preceding paragraph.

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45 YEARS OF SERVICE TO THE COMMUNITY

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 (CONTINUED)

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be a material weakness, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that at Company's practices and procedures, as described in the second paragraph of this report, were accurate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the board of directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Mercaderes, P.C.
Certified Public Accountants

February 25, 2008